

GLOSSARY

This glossary contains explanations of certain terms used in this prospectus in connection with the Group and its business. These technical terms and their given meanings may not correspond to those standard meanings and usages adopted in the industry.

“BTU”	British thermal unit (BTU or Btu), a unit of energy. It is defined as the amount of heat required to raise the temperature of one pound of water by one degree Fahrenheit
“CE”	a safety certification issued by GMC Instruments Group for the European countries
“CFC”	a chemical compound that contains chlorine, fluorine and carbon. CFC compounds are often used as refrigerants
“DC”	direct current, is considered as the constant flow of electrons in the single direction from low to high potential, distinguishing it from alternating current (AC)
“dB(A)”	A-weighted decibels, a measurement of acoustics to quantify sound levels by reference to the A-weighting curve, which is one of a family of curves defined in various standards for use in a sound level meter. (A sound level meter is an instrument used to measure sound levels, usually in terms of subjective loudness, and it involves the use of a weighting filter, usually to the A-weighting standard.) The decibel unit is commonly used in acoustics to quantify sound levels relative to some 0 dB reference
“EER”	energy efficiency ratio, a measurement of efficiency for cooling devices such as air-conditioners at a particular set of external and internal temperatures. A device’s EER is calculated by dividing the total amount of heat (measured in units of joule or BTU) removed from the air by the total amount of energy required by the device (in watt-hours). The higher the ratio, the more efficient the device. In this prospectus, the amount of heat removed in the EER calculation is measured and expressed in metric units (SI units) of joules
“ERP”	acronym for Enterprise Resource Planning. ERP systems are accounting-oriented information systems for identifying and planning the enterprise-wide resources needed to take, make, distribute, and account for customer orders

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“Energy efficiency grades for commercial air-conditioning products”

a ranking from grade 1 to grade 5 determined based on the EER of commercial air-conditioning products, with grade 1 being the most energy efficient, and grade 5 being the least energy efficient. The ranking is governed by the national standards of “The Minimum Allowable Values of the Energy Efficiency and Energy Efficiency Grades for Unitary Air-conditioners (GB 19576-2004)” (《GB12021.3-2004 房間空氣調節器能效限定值及能源效率等級》). For wind-cooled type commercial air-conditioning products with no wind pipe connection, (1) energy efficiency grade 1 covers EER 3.2 or above; (2) energy efficiency grade 2 covers EER 3.0 to EER 3.2; (3) energy efficiency grade 3 covers 2.8 to 3.0; (4) energy efficiency grade 4 covers EER 2.6 to 2.8; and (5) energy efficiency grade 5 covers 2.4 to 2.6. For those with wind pipe connections, (1) energy efficiency grade 1 covers EER 2.9 or above; (2) energy efficiency grade 2 covers EER 2.7 to 2.9; (3) energy efficiency grade 3 covers EER 2.5 to 2.7; (4) energy efficiency grade 4 covers EER 2.3 to 2.5; and (5) energy efficiency grade 5 covers EER 2.1 to 2.3. For water-cooled type commercial air-conditioning products with no wind pipe connection, (1) energy efficiency grade 1 covers EER 3.6 or above; (2) energy efficiency grade 2 covers EER 3.4 to 3.6; (3) energy efficiency grade 3 covers EER 3.2 to 3.4; (4) energy efficiency grade 4 covers EER 3.0 to 3.2; and (5) energy efficiency grade 5 covers EER 2.8 to 3.0. For those with wind pipe connections, (1) energy efficiency grade 1 covers EER 3.3 or above; (2) energy efficiency grade 2 covers EER 3.1 to 3.3; (3) energy efficiency grade 3 covers EER 2.9 to 3.1; (4) energy efficiency grade 4 covers EER 2.7 to 2.9; and (5) energy efficiency grade 5 covers EER 2.5 to 2.7

“Energy efficiency grades for portable type air-conditioners”

a ranking from grade A to grade G determined based on the EER of air-conditioners, with grade A being the most energy efficient, and grade G being the least energy efficient. The ranking was governed by the “Energy Labelling Directive 02/31/EC”, promulgated by the European Commission on 22 March 2002. (1) Energy efficiency grade A covers $EER > 2.6$; (2) energy efficiency grade B covers $2.6 \geq EER > 2.4$; (3) energy efficiency grade C covers $2.4 \geq EER > 2.2$; (4) energy efficiency grade D covers $2.2 \geq EER > 2.0$; (5) energy efficiency grade E covers $2.0 \geq EER > 1.8$; (6) energy efficiency grade F covers $1.8 \geq EER > 1.6$; and (7) energy efficiency grade G covers $1.6 \geq EER$

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“Energy efficiency grades for split type air-conditioners”

a ranking from grade 1 to grade 5 determined based on the EER of air-conditioners, with grade 1 being the most energy efficient, and grade 5 being the least energy efficient. The ranking is governed by the national standards of “The Minimum Allowable Values of the Energy Efficiency and Energy Efficiency Grades for Room Air-conditioners (GB12021.3-2004)” (《GB12021.3-2004房間空氣調節器能效限定值及能源效率等級》). For split type air-conditioners with cooling capacity below 4,500W, (1) energy efficiency grade 1 covers EER 3.4 or above; (2) energy efficiency grade 2 covers EER 3.2 to 3.4; (3) energy efficiency grade 3 covers EER 3.0 to 3.2; (4) energy efficiency grade 4 covers EER 2.8 to 3.0; and (5) energy efficiency grade 5 covers EER 2.6 to 2.8. For split type air-conditioners with cooling capacity between 4,500W and 7,100W, (1) energy efficiency grade 1 covers EER 3.3 or above; (2) energy efficiency grade 2 covers EER 3.1 to 3.3; (3) energy efficiency grade 3 covers EER 2.9 to 3.1; (4) energy efficiency grade 4 covers EER 2.7 to 2.9; and (5) energy efficiency grade 5 covers EER 2.5 to 2.7. For split type air-conditioners with cooling capacity between 7,100W and 14,000W, (1) energy efficiency grade 1 covers EER 3.2 or above; (2) energy efficiency grade 2 covers EER 3.0 to 3.2; (3) energy efficiency grade 3 covers EER 2.8 to 3.0; (4) energy efficiency grade 4 covers EER 2.6 to 2.8; and (5) energy efficiency grade 5 covers EER 2.4 to 2.6

“Energy efficiency grades for window type air-conditioners”

a ranking from grade 1 to grade 5 determined based on the EER of air-conditioners, with grade 1 being the most energy efficient, and grade 5 being the least energy efficient. The ranking is governed by the national standards of “The Minimum Allowable Values of the Energy Efficiency and Energy Efficiency Grades for Room Air-conditioners (GB12021.3-2004)” (《GB12021.3-2004房間空氣調節器能效限定值及能源效率等級》). (1) Energy efficiency grade 1 covers EER 3.1 or above; (2) energy efficiency grade 2 covers EER 2.9 to 3.1; (3) energy efficiency grade 3 covers EER 2.7 to 2.9; (4) energy efficiency grade 4 covers EER 2.5 to 2.7; and (5) energy efficiency grade 5 covers EER 2.3 to 2.5

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“GS”	Geprüfte Sicherheit (tested safety), a safety certification issued by TuV Rheinland Group, a German based international technical service provider in areas such as product testing, consultancy, approval management, training, quality assurance, non-telecoms certification and billing system assessment for network operators and billing system vendors
“HCFC(s)”	Hydro-chlorofluorocarbons, a family of chemical compounds comprised of hydrogen, chlorine, fluorine and carbon which can be used as substitutes for CFC
“HFC(s)”	Hydrofluorocarbons, a family of chemical compounds comprised of hydrogen, fluorine and carbon which can be used as substitutes for CFC
“ISO”	International Organisation for Standardisation, a worldwide federation of national standard bodies from all over the world
“ISO 9001”	the international standards of quality management and quality assurance formulated by ISO Technical Committee 176 (ISO/TC176) in 1987, the most recent upgraded version of which, ISO 9001:2000, was released in December 2000. Many countries, including Britain and US, have adopted ISO 9001 as national quality standards
“Ice-on-coil thermal energy storage (TES) technology”	a technology which uses flowing coils to make “ice” from the additives-laced water that surrounds the coil. At night time, the chiller is run to produce ice for storage. During the day time, water is circulated through the melting ice to produce chilled water which will be used as the cooling medium in the air-conditioning system. Such technology is designed to shift electricity consumption from peak periods to off-peak periods so as to increase efficiency (due to the air-conditioner operating in cooler night time) and reduce electricity cost (due to the uptake of electricity in the cheaper off-peak night time period and the aforesaid higher operating efficiency)
“J” or “joule”	a metric unit (SI unit) defined as the work done or energy required, to exert a force of one newton for a distance of one metre. As a rough guide, 1 joule is the absolute minimum amount of energy required (on the surface of Earth) to lift a one kilogramme object up by a height of 10 centimetres

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“multi-split air-conditioning system”	a system designed for those premises where there is limited space for installing an outdoor unit and with a single air-conditioning system, it can allocate and adjust cooling capacity among the different areas served by the same system
“PBB”	Polybrominated biphenyls, which can be used as flame retardants and added to plastics used in products such as home electrical appliances, plastic foams etc. to make them difficult to burn
“PBDE”	Polybrominated diphenyl ethers, which can be used as flame retardants and used in household products, including fabrics, furniture and electronics, to make them difficult to burn
“refrigerant(s)”	chemical substances used for the production and conduction of cooling in refrigeration and air-conditioning systems, such as refrigerator, air-conditioner and freezer
“RoHS”	acronym for “Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive”, enacted by the European Union in 2003
“Refrigeration year”	the 12 month period from 1 August to 31 July
“SI unit” or “metric unit”	International System of Units (abbreviated SI), the modern form of the metric system widely used in the world
“Tier 1, 2, 3 and 4 markets”	Tier 1, 2, 3 and 4 markets cover all the provinces, municipalities and autonomous regions in the PRC. Tier 1 markets comprise provincial capitals (省會城市), municipalities (直轄市) and capitals of autonomous regions (自治區行政中心), Tier 2 markets comprise prefecture-level cities with relatively developed economy (經濟相對發達的地級市), Tier 3 markets comprise prefecture-level cities with under-developed economy and counties (and districts) with relatively developed economy (經濟欠發達的地級市及經濟發達的縣區), and Tier 4 markets comprise counties (and districts) and townships with under-developed economy (經濟欠發達的縣區及鄉鎮)
“UL”	a safety certification issued by Underwriters’ Laboratories Inc. which is a product-safety testing and certification organisation in the US
“W” or “watt”	one watt is one joule of energy per second
“WEEE”	“Waste Electrical and Electronic Equipment Directive”, enacted by the European Union in 2003